

**STATE OF MICHIGAN**  
**DEPARTMENT OF INSURANCE AND FINANCIAL SERVICES**  
**Before the Director of Insurance and Financial Services**

**In the matter of:**

**Department of Insurance and Financial Services**  
**Petitioner**

**v**

**Angela Adams**  
**Respondent**

**Case No. 21-1063-L**

**Docket No. 21-019069**

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**Issued and entered**  
**this 24<sup>th</sup> day of January 2022**  
**by Randall S. Gregg**  
**Senior Deputy Director**

**FINAL DECISION**

**I. BACKGROUND**

On August 16, 2021, the Department of Insurance and Financial Services (Petitioner) issued a Complaint and Order Referring Complaint for Hearing, alleging that Angela Adams (Respondent) violated the Michigan Insurance Code, 218 PA 1956, as amended, MCL 500.100 *et seq.* (Code), while acting as an insurance producer.

Respondent was properly served with notice of the hearing. Respondent did not appear at the hearing.

On November 10, 2021, Administrative Law Judge Lindsay Wilson issued a Proposal for Decision (PFD) finding that the Respondent had violated Section 249 of the Code, MCL 500.249; Section 2003 of the Code, MCL 500.2003; Section 2018 of the Code, MCL 500.2018; and Section 4503(a) of the Code, MCL 500.4503(a).

No exceptions to the PFD were filed by the Petitioner. The Respondent did not file any exceptions. Michigan courts have long recognized that the failure to file exceptions constitutes a waiver of any objections not raised. *Attorney General v Public Service Comm'n*, 136 Mich App 52 (1984); *see also* MCL 24.281.

**II. FINDINGS OF FACT**

The Findings of Fact in the PFD are in accordance with the preponderance of the evidence and are adopted in full and made a part of this Final Decision.

### III. CONCLUSIONS OF LAW

The Conclusions of Law are supported by reasoned opinion and are adopted in full and made a part of this Final Decision.


The Respondent violated MCL 500.249(a); MCL 500.2003(1); MCL 500.2018; and MCL 500.4503(a) of the Code and is therefore subject to disciplinary action, including payment of a civil fine and revocation of licensure under MCL 500.1239(1)(c), (f), and (g); MCL 500.1239(2)(e); MCL 500.1239(7); and MCL 500.1244(1)(a)-(c).

### IV. ORDER

Therefore, it is **ORDERED** that pursuant to Section 1239(1) of the Code, MCL 500.1239(1); Section 1244(1) of the Code, MCL 500.1244(1); and Section 2040 of the Code, MCL 500.2040:

1. The Respondent's insurance producer license is revoked.
2. Respondent shall pay a fine of \$3,000.00 (\$1,000.00 for each of the three transactions described in the PFD which violate the Code.)
3. Respondent shall immediately **CEASE AND DESIST** from:
  - a. committing any acts in violation of the Michigan Insurance Code, and
  - b. acting as an insurance producer or in any other manner conducting the business of insurance.

This Order is effective on the date it is issued and entered and shall remain in effect until terminated, modified, or set aside in writing by the Director.

  
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Randall S. Gregg  
Senior Deputy Director and General Counsel

**STATE OF MICHIGAN  
MICHIGAN OFFICE OF ADMINISTRATIVE HEARINGS AND RULES**

**IN THE MATTER OF:**

**Docket No.: 21-019069**

**Department of Insurance and Financial  
Services,  
Petitioner**

**Case No.: 21-1063-L**

**Agency: Department of  
Insurance and  
Financial Services**

**v**

**Angela Adams,  
Respondent**

**Case Type: DIFS-Insurance**

**Filing Type: Sanction**

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**Issued and entered  
this 10<sup>th</sup> day of November 2021  
by: Lindsay Wilson  
Administrative Law Judge**

**PROPOSAL FOR DECISION**

**PROCEDURAL HISTORY**

This proceeding is held under the authority of the Michigan Insurance Code, 1956 PA 218, as amended, MCL 500.100 *et seq.* (Code), the Administrative Procedures Act, 1969 PA 306, MCL 24.201 *et seq.* (APA), and the Michigan Office of Administrative Hearings and Rules (MOAHR) hearing rules, Mich Admin Code, R 792.10101 *et seq.* (MOAHR Rules).

On August 16, 2021, the Department of Insurance and Financial Services (Petitioner) issued a Complaint alleging violations by Angela Adams (Respondent) of Section 249 of the Code, MCL 500.249, Section 2003 of the Code, MCL 500.2003, Section 2018 of the Code, MCL 500.2018, Section 4503(a) of the Code, MCL 500.4503(a), and thus is subject to the penalties set forth under Section 1239(1)(c), (f), and (g), of the Code, MCL 500.1239(1)(c), (f) and (g), Section 1239(2)(e) of the Code, MCL 500.1239(2)(e), Section 1239(7) of the Code, MCL 500.1239(7), Section 1244(1)(a-c) of the Code, MCL 500.1244(1)(a-c).

On August 17, 2021, this matter was referred to the Michigan Office of Administrative Hearings and Rules (MOAHR) to schedule a contested case hearing.

On August 17, 2021, MOAHR issued a Notice of Hearing scheduling a telephone hearing for 9:00 a.m. on October 19, 2021.

The October 19, 2021, hearing commenced as scheduled. Petitioner was represented by Gary Grant, Attorney for Petitioner. Respondent failed to appear as of 9:15 a.m. Petitioner moved for entry of a default against Respondent pursuant to Sections 72 and 78 of Michigan's Administrative Procedures Act, MCL 24.271 *et seq.* and Mich Admin Code, R 792.10134(1).

After determining that Respondent was properly served with notice, Petitioner's motion for default was granted pursuant to Section 78(2) of the APA and MOAHR Rule 134, and is affirmed in this Proposal for Decision. Because of the default, the factual and legal allegations contained in the Complaint dated August 16, 2021, are deemed true and proven. No witnesses or exhibits were presented by Petitioner. The record was closed at the conclusion of the hearing.

**ISSUE(S)**

Has Respondent violated the Code, as alleged in Petitioner's August 16, 2021, Complaint?

**APPLICABLE LAW**

MCL 500.249(a) provides in relevant part:

Sec. 249.

For the purposes of ascertaining compliance with the provisions of the insurance laws of the state or of ascertaining the business condition and practices of an insurer or proposed insurer, the commissioner, as often as he deems advisable, may initiate proceedings to examine the accounts, records, documents and transactions pertaining to:

(a) Any insurance agent, surplus line agent, general agent, adjuster, public adjuster or counselor.

MCL 500.2003 provides:

Sec. 2003.

(1) A person shall not engage in a trade practice that is defined or described in this chapter or is determined under this chapter to be an

unfair method of competition or an unfair or deceptive act or practice in the business of insurance.

(2) Except as otherwise provided in this subsection, "person" means that term as defined in section 114 and includes an insurance producer, solicitor, counselor, adjuster, or nonprofit dental care corporation operating under 1963 PA 125, MCL 550.351 to 550.373. Person does not include the property and casualty guaranty association.

MCL 500.2018 provides:

Sec. 2018.

An unfair method of competition and an unfair or deceptive act or practice in the business of insurance include making false or fraudulent statements or representations on or relative to an application for an insurance policy for the purpose of obtaining a fee, commission, money, or other benefit from an insurer, agent, broker, or individual.

MCL 500.4503 provides in relevant part:

Sec. 4503.

A fraudulent insurance act includes, but is not limited to, acts or omissions committed by any person who knowingly, and with an intent to injure, defraud, or deceive:

(a) Presents, causes to be presented, or prepares with knowledge or belief that it will be presented to or by an insurer or any agent of an insurer, or any agent of an insurer, reinsurer, or broker any oral or written statement knowing that the statement contains any false information concerning any fact material to an application for the issuance of an insurance policy.

MCL 500.1239 provides in relevant part:

Sec. 1239.

(1) In addition to any other powers under this act, the director may place on probation, suspend, or revoke an insurance producer's license or may levy a civil fine under section 1244 or any combination of actions, and the

director shall not issue a license under section 1205 or 1206a, for any 1 or more of the following causes:

“ . . . ”

(c) Intentionally misrepresenting the terms of an actual or proposed insurance contract or application for insurance.

“ . . . ”

(f) Having admitted or been found to have committed any insurance unfair trade practice or fraud.

(g) Using fraudulent, coercive, or dishonest practices or demonstrating incompetence, untrustworthiness, or financial irresponsibility in the conduct of business in this state or elsewhere.

“ . . . ”

(2) In addition to any other powers under this act, the director may place on probation, suspend, or revoke an insurance producer's license or may levy a civil fine under section 1244 or any combination of actions, and the director may refuse to issue a license under section 1205 or 1206a, for any 1 or more of the following causes:

“ . . . ”

(e) Violating any insurance laws or violating any regulation, subpoena, or order of the director or of another state's insurance commissioner.

“ . . . ”

(7) In addition to the penalties under this section, the director may enforce the provisions of and impose any penalty or remedy authorized by this act against a person that is under investigation for or charged with a violation of this act even if the person's license or registration has been surrendered or has lapsed by operation of law.

MCL 500.1244 provides in relevant part:

Sec. 1244.

(1) If the director finds that a person has violated this chapter, after an opportunity for a hearing under the administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to 24.328, the director shall reduce the findings and decision to writing and shall issue and cause to be served on the person charged with the violation a copy of the findings and an order requiring the person to cease and desist from the violation. In addition, the director may order any of the following:

(a) Payment of a civil fine of not more than \$1,000.00 for each violation. However, if the person knew or reasonably should have known that he or she was in violation of this chapter, the director may order the payment of a civil fine of not more than \$5,000.00 for each violation. An order of the director under this subsection must not require the payment of civil fines exceeding \$50,000.00. A fine collected under this subdivision must be turned over to the state treasurer and credited to the general fund of this state.

(b) A refund of any overcharges.

(c) That restitution be made to the insured or other claimant to cover incurred losses, damages, or other harm attributable to the acts of the person found to be in violation of this chapter.

“ . . . ”

### **FINDINGS OF FACT**

Based upon the record in this matter, including the pleadings taken as accurate because of the default, the following findings of fact are established:

1. Respondent possesses an inactive resident insurance producer license. She was originally licensed on February 18, 2016; however, her license lapsed on July 1, 2019, for failure to meet continuing education requirements. Section 1239(7) of the Code, MCL 500.1239(7), allows the Director to impose sanctions on any person who has violated the Code regardless of whether their license has lapsed or been surrendered.

2. On or about January 17, 2019, Respondent's appointments with State Farm Fire and Casualty Company, State Farm Mutual Automobile Insurance Company, and State Farm Life Insurance Company were canceled for cause. These companies will be collectively referred to herein as "State Farm".
3. State Farm canceled Respondent's appointments following an investigation in which it discovered that she entered inaccurate and/or fraudulent information on multiple insurance applications as follows:
  - a. Respondent submitted an application for customer TT on March 14, 2018, in which she entered the prior time insured was with a previous insurer as three years and two months; however, the Previous Insurer Report (PIR) indicates that the actual prior time insured was only four months. Moreover, the Auto Quote History (AQH) indicated that Respondent changed the vehicle purchase date and the annual mileage driven in order to improve the Customer Rating Index (CRI). State Farm indicated that an improvement of the CRI rating typically results in a lower premium for the customer.
  - b. Respondent submitted an application for customer SN on April 17, 2018, in which she entered the prior time insured with a previous insurer as four years and six months; however, the PIR indicates that the actual prior time insured was only three years. Moreover, the AQH indicated that entry of the inaccurate prior time insured improved the CRI. Additionally, Respondent entered prior bodily injury liability coverage (BI) limits on SN's application as 100/300; however, the PIR indicates that the actual prior BI limits were 20/40.
  - c. For customer JR, Respondent submitted an application on July 20, 2018, in which she entered prior BI limits as 100/300; however, the PIR indicates that the actual prior BI limits were 25/50.
4. State Farm interviewed Respondent on January 17, 2019, to discuss the above findings. During the interview, Respondent admitted to entering inaccurate information. Initially, she stated that it was "not on purpose," but she admitted later in the interview that she had intentionally entered the information inaccurately because she thought that doing so was in the best interest of the customers.
5. On August 7, 2019, DIFS sent a letter of inquiry to Respondent's mailing address of record requiring that she provide a written statement of her account of the



events that led to State Farm's cancellation of her appointments. She was also asked to provide all documents that supported her account and advised that a response was required no later than August 28, 2019. DIFS received no response to the letter.

6. On September 13, 2019, DIFS mailed a follow-up letter of inquiry to Respondent's email, residential, and business addresses with a response due date of October 4, 2019. DIFS received no response to the letter.
7. On October 15, 2019, DIFS mailed a second follow-up letter of inquiry to four addresses identified by Lexis/Nexis as previous addresses for Respondent with a response due date of November 5, 2019. DIFS received no response to the letter.
8. Respondent either knew or had reason to know that Section 2018 of the Code, MCL 500.2018, states that:

An unfair method of competition and an unfair or deceptive act or practice in the business of insurance include making false or fraudulent statements or representations on or relative to an application for an insurance policy for the purpose of obtaining a fee, commission, money, or other benefit from an insurer, agent, broker, or individual.

9. Respondent either knew or should have known that Section 2003(1) of the Code, MCL 500.2003(1), prohibits engaging in "an unfair method of competition or an unfair or deceptive act or practice in the business of insurance." Respondent violated Section 2003(1) of the Code by entering inaccurate and/or false information on insurance applications that she submitted to State Farm as outlined above.
10. Respondent knew or should have known that Section 4503(a) of the Code, MCL 500.4503(a), provides that:

A fraudulent insurance act includes, but is not limited to, acts or omissions committed by any person who knowingly, and with an intent to injure, defraud, or deceive:

Presents, causes to be presented, or prepares with knowledge or belief that it will be presented to or by an insurer or any agent of an insurer, or any agent of an insurer, reinsurer, or broker any oral or written statement knowing that the statement contains any false information concerning any fact material to an application for the issuance of an insurance policy.

11. Respondent committed fraudulent insurance acts as defined by Section 4503(a) of the Code by entering inaccurate and/or false information on insurance applications that she submitted to State Farm as outlined above.
12. Respondent knew or had reason to know that Section 249(a) of the Code, MCL 500.249(a), provides in pertinent part:

For the purposes of ascertaining compliance with the provisions of the insurance laws of the state or of ascertaining the business condition and practices of an insurer or proposed insurer, the Commissioner, as often as he deems advisable, may initiate proceedings to examine the accounts, records, documents and transactions pertaining to:

Any insurance agent, surplus line agent, general agent, adjuster, public adjuster or counselor.

13. By failing to respond to multiple inquiries from DIFS as outlined above, Respondent has interfered with and frustrated DIFS' attempt to determine Code compliance through the exercise of its authority granted under Section 249(a) of the Code to examine the accounts, records, documents, and transactions of insurance producers.
14. Respondent knew or should have known that Section 1239(2)(e) of the Code, MCL 500.1239(2)(e), provides that the Director may take disciplinary action against licensees for "[v]iolating any insurance laws or violating any regulation, subpoena, or order of the commissioner or of another state's insurance commissioner." Respondent has provided justification for sanctions pursuant to Section 1239(2)(e) of the Code because she has: (1) violated Section 2003(1) of the Code; (2) committed fraudulent insurance actions as defined by Section 4503(a) of the Code; and (3) failed to respond to DIFS' inquiries made pursuant to its authority under Section 249(a) of the Code.
15. Respondent knew or should have known that Section 1239(1)(c) of the Code, MCL 500.1239(1)(c), provides that the Director may take disciplinary action against licensees for "[i]ntentionally misrepresenting the terms of an actual or proposed insurance contract or application for insurance." Respondent has provided justification for sanctions pursuant to Section 1239(1)(c) of the Code by entering inaccurate and/or false information on insurance applications that she submitted to State Farm as outlined above.

16. Respondent knew or should have known that Section 1239(1)(f) of the Code, MCL 500.1239(1)(f), provides that the Director may take disciplinary action against licensees for “[h]aving admitted or been found to have committed any insurance unfair trade practice or fraud.” Respondent has provided justification for sanctions pursuant to Section 1239(1)(f) of the Code by her admission that she knowingly submitted inaccurate and fraudulent insurance applications to State Farm as outlined above.
17. Respondent knew or should have known that Section 1239(1)(g) of the Code, MCL 500.1239(1)(g), provides that the Director may take disciplinary action against licensees for “[u]sing fraudulent, coercive, or dishonest practices or demonstrating incompetence, untrustworthiness, or financial irresponsibility in the conduct of business in this state or elsewhere.” Respondent has provided justification for sanctions pursuant to Section 1239(1)(g) of the Code by: (1) submitting inaccurate and/or fraudulent insurance applications to State Farm; and (2) failing to respond to DIFS’ inquiries made pursuant to its authority under Section 249(a) of the Code.
18. Based upon the actions listed above, Respondent has committed acts that provide justification for the Director to impose sanctions including, but not limited to, the payment of a civil fine and revocation of licensure.

### **CONCLUSIONS OF LAW**

Petitioner bears the burden of proving, by a preponderance of evidence, that Respondent violated the Code as alleged in the Complaint. As the Michigan Supreme Court has stated, “[p]roof by a preponderance of the evidence requires that the fact finder believe that the evidence supporting the existence of the contested fact outweighs the evidence supporting its nonexistence.” *Blue Cross and Blue Shield of Michigan v Milliken*, 422 Mich 1; 367 NW2d 1 (1985). A preponderance of evidence is evidence which is of a greater weight or more convincing than evidence offered in opposition to it. It is simply that evidence which outweighs the evidence offered to oppose it. *Martucci v Detroit Commissioner of Police*, 322 Mich 270; 33 NW2d 789 (1948).

Additionally, the principles that govern judicial proceedings also apply to administrative hearings. 8 *Callaghan’s Michigan Pleading and Practice* 2<sup>nd</sup> ed., Section 60.48, p 230. A default having been granted against Respondent, the factual and legal allegations set forth in the Complaint are taken as true and proven. Under Section 72 of the APA, there is no requirement to provide a full evidentiary hearing when all alleged facts are taken as true and proven. *Smith v Lansing School Dist*, 428 Mich 248; 406 NW2d 825 (1987).

By virtue of the default, Petitioner has met its burden of proving, by a preponderance of the evidence, the facts alleged in the August 16, 2021 Complaint.

The preponderance of evidence establishes that Respondent violated MCL 500.249(a); MCL 500.2003(1); MCL 500.2018; and MCL 500.4503(a) of the Code and is therefore subject to disciplinary action, including payment of a civil fine and revocation of licensure under MCL 500.1239(1)(c), (f), and (g); MCL 500.1239(2)(e); MCL 500.1239(7); and MCL 500.1244(1)(a)-(c).

### **PROPOSED DECISION**

Based on the above Findings of Fact and Conclusions of Law, the Tribunal proposes that the Director issue a Final Order finding Respondent in violation of MCL 500.249(a), MCL 500.2003(1), MCL 500.2018, and MCL 500.4503(a) of the Code, and impose an appropriate penalty or sanction under MCL 500.1239(1)(c), (f), and (g), MCL 500.1239(2)(e), MCL 500.1239(7), and MCL 500.1244(1)(a)-(c).

### **EXCEPTIONS**

In accordance with MCL 24.281 and Mich Admin Code, R 792.10132, a party may file Exceptions to this Proposal for Decision (PFD) within 21 days after the PFD is issued. An opposing party may file a Response to Exceptions within 14 days after exceptions are filed. Exceptions/Responses shall include the case name and docket number and be sent by e-mail (preferred) to: [MOAHR-GA@michigan.gov](mailto:MOAHR-GA@michigan.gov), by regular mail to: MOAHR-General Adjudication, P.O. Box 30695, Lansing, MI 48909, or by fax to: 517-335-7535. Also, a copy of Exceptions/Responses must be sent by e-mail to: [swinsonr@michigan.gov](mailto:swinsonr@michigan.gov) or by regular mail to: Department of Insurance and Financial Services, Office of General Counsel–Attn: Randie Swinson, P.O. Box 30220, Lansing, Michigan, 48909. A copy of any Exceptions/Responses must be timely sent to all other parties and attorneys of record in this matter.

  
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**Lindsay Wilson**  
**Administrative Law Judge**